

Lucchese John Joseph
Form 4
August 25, 2008

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Lucchese John Joseph

2. Issuer Name and Ticker or Trading Symbol
KINDRED HEALTHCARE, INC
[KND]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
680 SOUTH FOURTH STREET

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
08/21/2008

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Sr. V.P. and Corp. Cont.

LOUISVILLE, KY 40202

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount (A) or Price (D) | | |
| Common Stock | 08/21/2008 | | M | | 2,617 A \$ 12.16 | | D |
| Common Stock | 08/21/2008 | | M | | 2,246 A \$ 8.43 | | D |
| Common Stock | 08/21/2008 | | S | | 2,617 D \$ 30.89 | | D |
| Common Stock | 08/21/2008 | | S | | 600 D \$ 30.83 | | D |
| Common Stock | 08/21/2008 | | S | | 1,646 D \$ 30.8 | | D |

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| Employee Stock Option (Right to Buy) | \$ 12.16 | 08/21/2008 | | M | 2,617 | 07/23/2006 ⁽¹⁾ 07/23/2012 | Common Stock | 2,617 |
| Employee Stock Option (Right to Buy) | \$ 8.43 | 08/21/2008 | | M | 2,246 | 07/22/2006 ⁽²⁾ 07/22/2013 | Common Stock | 2,246 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|--------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Lucchese John Joseph 680 SOUTH FOURTH STREET LOUISVILLE, KY 40202 | | | Sr. V.P. and Corp. Cont. | |

Signatures

John J. Lucchese 08/25/2008

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) This option has been fully exercisable since 7/23/2006.

(2) This option has been fully exercisable since 7/22/2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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